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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

FERPINTA S.A., FERROCAMBO, and  
BREFFKA & HEHNKE GmbH & Co KG,

08 Civ. 5536 (SHS)

Plaintiffs

-against-

DECLARATION OF  
AMIR SUSSMAN

DELFINO MARITIME CORP.,

Defendant

I, AMIR SUSSMAN, pursuant to Section 1746 of title 28 of the United States Court, hereby declare and say the following, under penalty of perjury:

- 1 I am a resident of London, England. I am a Senior Assistant Solicitor of the High Court of England and Wales. I am employed at Messrs. Clyde & Co. LLP, Solicitors representing the Plaintiffs.
- 2 I make this declaration in opposition to Delfino Maritime Corp's motion to vacate the attachment filed against it in the action entitled Ferpinta S.A., Ferrocambo, and Breffka & Hehnke GmbH & Co. KG, pending in the United States District Court for the Southern District of New York, 08 Civ 5536 (SHS) ("New York Action").
- 3 I am fully familiar with the facts of the matters alleged herein and in the complaint filed in the New York Action. I base this declaration on my personal knowledge and on documentation and information that I have obtained and reviewed, which are in my office and form part of my file on this matter. I am familiar with the proceedings in the New York Action and I have reviewed the pleadings filed in the New York Action. I have also reviewed the motion filed

by Delfino Maritime Corp. and all of the accompanying documentation filed with that motion that is currently pending before the Court in the New York Action.

- 4 As the Solicitor assisting in the conduct of this matter on behalf of the Plaintiffs, I was involved inter alia with the negotiations that took place with Defendant's Counsel in November 2007 with regard to the suggestion to appoint a neutral surveyor for both the Plaintiffs and the Defendants.
- 5 I submit this Declaration in Opposition to Delfino Maritime Corp.'s motion to dismiss the maritime attachment in this case and respond to certain factual inaccuracies stated in Mr. Chiotelis' declaration filed in support of Delfino Maritime Corp.'s application.
- 6 Despite Delfino Maritime Corp.'s representations, the Settlement Agreement entered into between the parties did not result in the Plaintiff's waiving any cargo claims that are alleged in the Rule B application. See Settlement Agreement attached hereto as Exhibit A, at cl. 2.
- 7 I make the following additional comments in contradiction to Mr. Chiotelis' representations in his Declaration:

My comments are as follows: Paragraph 9 of Defendant's Declaration. The "Settlement Agreement" dated 26<sup>th</sup> October 2007: Clause 2 of the Agreement (A2) states

*"In return the Receiver<sup>s</sup> agree to waive all and any rights .... that they may have against the Owners ... which arise solely from the delay incurred in the delivery of the cargo to Beira. This waiver of rights does not include claims or rights that the Receivers may have against the owners and/or managers of the vessel due to the deterioration of the quality of the cargo or loss or damage to the cargo. The Receivers do though accept that the cargo, being in the holds of the vessel for almost 6 months, will bear reasonable atmospheric rust and will not raise any claim about it as long as this is cleared by the Owners on delivery via water-blasting".*

Based on the above language, it is clear that any claim that does not relate to reasonable atmospheric rust caused by delay, has not been waived by the Plaintiffs. See Settlement Agreement, Exhibit 2 at cl. 2.

8 Paragraphs 12 onwards of Defendant's Declaration. Defendant's statements that "the parties agreed to appoint an independent and neutral third party surveyor to make a determination as to the presence of saltwater in the Vessel's holds, that would be final and binding on the parties" is not accurate. Although a proposal to appoint such a surveyor was put forward on behalf of the carriers, such a proposal remains just that, and never became an agreement between the parties.

Whilst a proposal to appoint a third surveyor was put forward by Messrs. Chiotelis, such proposal never became an agreement between the parties. See legible copies of the correspondence exchanged between our firm and Messrs. Chiotelis during the period 5<sup>th</sup> November 2007 – 16<sup>th</sup> November 2007, attached hereto as Exhibit B..

9 Whilst it can be seen that on 14<sup>th</sup> November 2007 Messrs Chiotelis forwarded to us a:

- (1) "draft letter" (see line 2 of their fax dated 14.11.2007) which their clients proposed to send to SGS Mozambique, and
- (2) a draft agreement,

Neither the draft letter nor the agreement were ever agreed by us or by our clients. See Exhibit B at pp. B18 – B20.

Furthermore, on 16<sup>th</sup> November 2007 we wrote to Messrs Chiotelis confirming that we needed to take instructions from our clients, and requesting from them:

- 1) Details concerning the relevant experience of the SGS surveyor.
- 2) An undertaking concerning payment of Owner's share of the appointment fees.

We have never received a response from Messrs Chiotelis. See Exhibit B at pp. B21 – B22.

10 With respect to the email dated 7<sup>th</sup> November 2007 from Mr. J. A. I. Sharma to Seawind Maritime, (attached as Defendant's Exhibit D14), this email was sent on 7<sup>th</sup> November 2007 but as can be seen, as of 14<sup>th</sup> November 2007, the documents forwarded to us were simply a "draft letter" and a "draft Agreement" as it was clear to everyone involved that negotiations were

ongoing. It is clear that the Defendant's knew that an agreement had not been finalised.

- 11 Paragraph 20 of Defendant's Declaration. Following on from the above, the parties did not agree to share equally the costs of any SGS survey.

Firstly the SGS survey report was never previously sent to the Plaintiffs and was seen by the Plaintiffs for the first time only when a copy was attached to the fax dated 8<sup>th</sup> July 2008 erroneously dated 2007 from Messrs Chiotelis. See Exhibit B at B33). Secondly our clients have never been asked to contribute their share for the survey fees as referred to in the penultimate paragraph of Defendant's document D24 despite the fact that attendance and inspection were more than 8 months ago.

- 12 Paragraph 21 of Defendant's Declaration: As early as November 2007 it was known that SGS had been appointed by the Owners to find a surveyor. They made enquiries in South Africa. See email dated 26<sup>th</sup> November 2007, Exhibit B at B23-B25. It is important to note that "SGS" were the ship's agents. (See addressee of Defendant's Exhibit D23). At the very least, the Plaintiffs were entitled to the full details of the identity of the actual surveyor that would perform the joint survey to confirm his credentials, experience and qualifications, that was necessary in order for the Plaintiffs to approve the actual surveyor before agreement could be reached.

The invoice is clearly addressed to the owners and there is no suggestion that any other party is expected to contribute towards what can only be described a unilateral survey. See Exhibit B at B44.

The cargo claim was submitted to Defendants by way of our fax dated 13<sup>th</sup> February 2008. See Exhibit B at B26-B30. As can be seen, the claim was supported by the note of the Receivers dated 27<sup>th</sup> November 2007, in which the Receivers confirmed that *"the cargo has been in contact with salted water"*.

In response to our Letter of Claim, Messrs. Chiotelis wrote to us on 26<sup>th</sup> February 2008 (See Exhibit B at B31) making reference to *"the joint, final and binding survey that took place by SGS Mozambique ..."*. We responded to them on the 27<sup>th</sup> February 2008, See Exhibit B at B32 requesting them to:

- (i) forward us a copy of the above-mentioned survey; and

- (ii) *"any evidence supporting the comment that this survey is to be considered as joint, final and binding"*.

No response has ever been received to our fax.

- 13 On 8<sup>th</sup> July 2008, I took a telephone call in which Messrs. Chiotelis argued that an agreement was concluded between the parties to instruct SGS as joint final and binding surveyors. The same day they sent a fax which attached various documents including the Settlement Agreement dated 26<sup>th</sup> October 2007, what was described as a *"final report"* of SGS and correspondence. They asked for our comments. See Exhibit B at B33-B44. We disagreed with Messrs. Chiotelis that such an agreement had been concluded. In response to their fax, we replied, also on 8<sup>th</sup> July 2008, requesting their clarification. See Exhibit B at B45-B47. Again, no response was ever received to our fax.
- 14 Paragraph 21 of Defendant's Declaration: As per the Settlement Agreement, the Plaintiffs are now preparing to commence arbitration in London.

I hereby declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

---

Dated: London, England

July 30<sup>th</sup>, 2008



**CLYDE & CO LLP**  
51 Eastcheap  
London  
EC3M 1JP

## **EXHIBIT A**

## SETTLEMENT AGREEMENT

Today, 26th of October 2007, between

A) Sea Wind Maritime S.A. a company incorporated in the Republic of Liberia, hereinafter called "the managers"

B) Delfino Maritime Corp, a company incorporated in the Republic of Marshall Islands, hereinafter called "the shipowners"

AND

FERROMOCAMBIQUE - COMERCIO E INDUSTRIA DE FERNANDO PINHO TEIXEIRA, LDA, hereinafter called "the receivers"

It is mutually agreed as follows:

### II RECITALS

The shipowners are the lawful owners of M/V MICHAEL M, GRT/NRT 2811/1622 of St Kitts & Nevis Registry. The managers are managing the said vessel. Pursuant to a C/P dd 12 April 2007, it was agreed that the vessel will carry minimum 3.003.70 mt of DBARS in Bundles 12 METRS STW/DWT. The said cargo was duly loaded on the vessel on 20 April 2007 and Bills of Lading were issued. Receivers/consignees in the Bill of lading appear to be FERROMOCAMBIQUE - COMERCIO E INDUSTRIA DE FERNANDO PINHO TEIXEIRA, LDA, ESTRADA NAC NO1 KM 14 MAPUTO MAZAMBIQUE.

During the voyage from Istanbul to Beira the vessel stranded and General Average was declared. The vessel recovered from the incident and is now en route to Beira after a long delay with ETA 28 October 2007. Due to the mutual potential claims of all the parties concerned, the parties wish to settle all their differences arising from this delay and the General Average liabilities of the cargo interests, in accordance with the terms and conditions of this Agreement.

### III THE SETTLEMENT

The OWNERS/ MANAGERS waive all and any rights and claims whatsoever including but not limited to their right to claim General Average contribution on the cargo from any lawful receiver/consignee of the cargo as this cargo is described in the cargo manifest dated 20-4-2007 and the relevant Bill of Lading of the same date.

SEA WIND MARITIME COMPANY S.A.  
NAYTHIAKH ETAPLIA 1789/67  
XAPIKAQY TPIONTH 1789/67  
ROM 099733274 - Δ.Π.Υ. ΤΙΘΟΝ ΤΕΙΡΑΙΑ  
TAX 428256-7

DELFINO MARITIME CORP  
REPUBLIC OF THE  
MARSHALL ISLANDS

JAT SHARMA  
Port & on Behalf of DELFINO  
MARITIME + AVIATION SERVICES  
AS AGENTS FOR FERROVIA  
PORTUGAL

A (1)

In return the receivers agree to waive all and any rights, claims etc that may have against the owners and/or the managers of the vessel which arise solely from the delay incurred in the delivery of the cargo to Beira. This waiver of rights does not include claims or rights that the receivers may have against the owners and/or managers of the vessel due to the deterioration of the quality of the cargo or loss or damage to the cargo. The receivers do though accept that the cargo being in the holds of the vessel for almost 6 months will bear reasonable atmospheric rust and will not raise any claim about it as long as this is cleared by the owners on delivery via water blasting.

### III] WARRANTIES

The receivers warrant that they are the lawful consignees and holders of the issued Bills of lading and that the said Bills have not been endorsed to any other third party.

If however such endorsement has taken place, the Receivers warrant that they will incorporate the terms of this Settlement Agreement to the new endorsee.

### IV] WAIVER AND ENTIRE AGREEMENT

Failure by either party to exercise any right or remedy under this Agreement will not constitute a waiver of that party's rights or remedies.

This Agreement is the parties' entire understanding of the settlement contract between them and supersedes all prior agreements representations and proposals, oral or written.

In entering this Agreement none of the parties has relied upon any representations or warranty or undertaking, which is not contained in this Agreement or any document referred to in it.

### V] NOTICES

Notices under this agreement will only be valid if sent to  
For the owners/managers to CHIOTELIS & CO FAX + 30 210 42 94 948  
Attention takis Chiotelis  
For the receivers to Ferpinta, S.A. FAX +351 256 411 426 Attention Nuno Pires

### VI] SEVERABILITY

If any provision of this Agreement is held by any competent authority to be invalid or unenforceable in whole or in part the validity of all other provisions

SEA WIND MARITIME COMPANY S.A.  
NAYTIAKHE ETAPHA N. 89/67  
ΧΑΡΙΑΔΟΥ ΤΡΙΚΟΥΤΗ 185 36  
ΑΘΗΝΑ 098733374 - Α.Υ. ΠΑΘΩΝ ΠΕΡΑΙΑ  
ΤΗΛ 4286256 - 7

DELFINO MARITIME CORP  
REPUBLIC OF THE  
MARSHALL ISLANDS

JAI SHARMA  
FOR + ON BEHALF OF  
DOLPHIN MARITIME + AVIATION  
SERVICES AS AGENTS FOR  
FERPINTA PORTUGAL

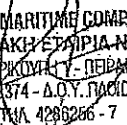
A (2)



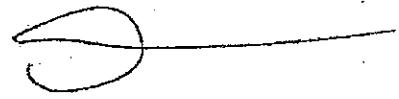
(and if applicable the remainder of the provision in question) shall not be affected.

#### VII JURISDICTION CLAUSE

This Agreement will be construed under English law and any dispute arising from this Agreement will be determined in Arbitration in London, each party to appoint their own Arbitrator, with LMAA rules to apply.

  
SEA WIND MARITIME COMPANY S.A.  
NAYTIALAKH ETAPIA N 89/87  
XAPIAAY TPIONH Y - ΠΕΡΙΜΕΤΡΟΣ 185 36  
ΑΦΜ 099733374 - Δ.Ο.Υ. ΠΑΡΙΩΝ ΠΕΡΙΜΕΤΡΟΣ  
ΤΗΛ 4286266 - 7

  
DELFINO MARITIME CORP  
REPUBLIC OF THE  
MARSHALL ISLANDS

  
JAI SHARMA  
For on behalf of  
DOLPHIN MARITIME &  
AVIATION SERVICES AS  
AGENTS FOR  
PER PINTA, PORTUGAL

DOLPHIN MARITIME & AVIATION SERVICES LTD  
DOLPHIN HOUSE, 16 THE BROADWAY  
STANMORE, MIDDLESEX, HA7 4DW  
ENGLAND

TEL: +44 (0) 20 8954 8800  
FAX: +44 (0) 20 8954 8844  
EMAIL: info@dolphin-maritime.com

A (3)

## **EXHIBIT B**

00-2007 17:38 FROM:CHIOTELIS&amp;CO 2104294948

TO:00442076235427

P:1/1

CHIOTELIS & CO  
Advocates and Consultants

5, Sachtourj Street, Piraeus 18536 HELLAS (GR)  
T +30 210 4294 928 F +30 210 4294 948

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**FACSIMILE TRANSMITTAL SHEET**

---

TO:	FROM: Takis Chiotellis Esq
COMPANY: CLYDE & CO	DATE: 5-11-2007
FAX NUMBER: 00 44 207 623 5427	TOTAL NO. OF PAGES INCLUDING COVER: 1
CC:	OUR REFERENCE:
RE: M/V MICHAIL M	YOUR REFERENCE: AJS/ALB0705318

N.B: THIS FAX IS CONFIDENTIAL AND MAY ALSO BE PRIVILEGED. IF YOU ARE NOT THE INTENDED RECIPIENT, PLEASE NOTIFY US IMMEDIATELY; YOU SHOULD NOT COPY OR USE THIS FAX FOR ANY PURPOSE NOR DISCLOSE ITS CONTENTS TO ANY PERSON.

Dear Sir

Thank you for your fax of today.

There is an obvious divergence of opinion between the two surveyors that conducted the said survey.

Do you wish to appoint and internationally accepted firm of surveyors such as SGS to conduct a survey as to the cause of the rust on the steel bars? Our clients deny any damage from saltwater. Furthermore they assert that the surface rust that appears to exist will disappear with water blasting.

Consequently, our clients will vigorously defend any action against the vessel.

In relation to issue of discharging the cargo, as we said earlier, our clients must have a guarantee for any claim that may have against the cargo and in particular for GA contribution, so that the parting by discharging not to affect the possessory lien that our clients are entitled to in the cargo.

We look forward to hearing from you.

Yours faithfully

  
CHIOTELIS & CO

B (1)

NDU-2007 15:18 FROM:CHIOTELIS&amp;CO 2104294948

TO:00442076235427

P:1/1

**FILE COPY****CHIOTELIS & CO**

Advocates and Consultants

5, Sachtouri Street, Piraeus 18536 HELLAS (GR)

T +30 210 4294 928 F +30 210 4294 948

**FACSIMILE TRANSMITTAL SHEET**

<b>TO:</b>	<b>FROM:</b> Takis Chiotellis Esq
<b>COMPANY:</b> CLYDE & CO	<b>DATE:</b> 6-11-2007
<b>FAX NUMBER:</b> 00 44 207 623 5427	<b>TOTAL NO. OF PAGES INCLUDING COVER:</b> 1
<b>CC:</b>	<b>OUR REFERENCE:</b>
<b>RE: M/V MICHAEL M</b>	<b>YOUR REFERENCE: AJS/ALB0705318</b>

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Dear Sir

Thank you for your recent exchanges. Our clients insist that the cargo is not affected by any damage and that the existing surface rust on the one hand is not a reason for your clients to seek any guarantee or to raise any claim pursuant to the said settlement Agreement and on the other hand the said surface rust is going to be removed by water blasting.

Your clients assertion that there is salt water damage is not supported by our client's surveyor and to that effect we have already asked you to agree that a joint independent surveyor from SGS is appointed to determine the issue.

Our clients wish to discharge the cargo so that a final survey to take place from an independent source since there is no consensus between the existing two surveyors. Our clients are confident that the cargo is not damaged and that the existing rust has not damaged the said cargo. If our clients are proved right, then you realise that the cargo interests will need to compensate our clients for their behaviour in seeking security in the region of USD\$1million as this has caused delays and trouble to the owners who have further cargo to discharge in Madagascar, which can only be remedied if the cargo interests have a security there or the cargo itself under their custody.

We await your confirmation that a third independent surveyor from SGS can determine the extent of the rust and if this has caused pitting or scaling in the cargo and the cause of it.

Yours faithfully  
CHIOTELIS & CO

An unincorporated association of professionals.

A members' list and their professional qualifications is open to inspection at the above office.  
[www.chiotelisandco.gr](http://www.chiotelisandco.gr)

7-NOV-2007 15:43 FROM:CHIOTELIS&amp;CO 2104294948

TO:00442076235427

P:1/1

**CHIOTELIS & CO**  
Advocates and Consultants

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**FACSIMILE TRANSMITTAL SHEET**

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TO:	FROM: Takis Chiotellis Esq
COMPANY: CLYDE & CO	DATE: 7-11-2007
FAX NUMBER: 00 44 207 623 5427	TOTAL NO. OF PAGES INCLUDING COVER: 1
CC:	OUR REFERENCE:
RE: M/V MICHAEL M	YOUR REFERENCE: AJS/ALB0705318

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Dear Sir

We refer to the aforementioned matter and thank you for your last exchange.

Our clients wish to determine the issue of the condition of the cargo as soon as possible and to that effect they welcome the decision of the cargo interests to agree that a third independent surveyor considers the divergence of opinion between the current surveyors and determine the extent of the damage if any to the cargo.

Our clients suggest that as a third surveyor is appointed a surveyor from SGS the internationally approved and acclaimed firm that has also a branch in Mozambique. We state the details of the branch here below and suggest that a communication is sent asking for the availability of a surveyor to attend the vessel and the cargo. In that way the impartiality of the outcome will be more secure. We also suggest that agreed questions are asked to the said surveyor.

SGS MOZAMBIQUE LTD

RUA DO BAGAMOYO NR.322 10 ANDAR  
MAPUTO  
TEL: 00258 21 31 34 88, FAX: 00258 21 31 34 99  
E-MAIL: rui.silva@sgs.com ATT MR RUI SILVA.

We look forward to hearing from you.

CHIOTELIS & CO

---

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A members' list and their professional qualifications is open to inspection at the above office.  
[www.chiotelisandco.gr](http://www.chiotelisandco.gr)

**FAX TRANSMISSION**

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51 Eastcheap  
London EC3M 1JP  
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ABU DHABI BELGRADE\* CARACAS DOHA DUBAI GUILDFORD\* HONG KONG LONDON LOS ANGELES MOSCOW NANTES NEW YORK PARIS  
PIRAEUS RIO DE JANEIRO SHANGHAI SINGAPORE ST PETERSBURG\* Clyde & Co LLP offices and associated \* offices

TO To the Owners of the Vessel "MICHAEL M", c/o Sea Wind Maritime Co.  
SA, Piraeus, Greece, c/o Chiotellis & Co.

FAX NO +30 210 4294 948

ATTN Takis Chiotellis

YOUR REF OUR REF AJS/ALB/0705318

DATE 7 November 2007 TOTAL PAGES (including cover) 2

Dear Sirs

**"MICHAEL M"**

We write further to our previous correspondence including our fax to you dated 5 November 2007.

We write to confirm that our clients have given us instructions to the effect that they agree to have the cargo that has been delivered from this vessel to be surveyed by a third surveyor.

Having given consideration to matters, we are prepared to recommend to our clients to instruct the surveyor:-

Graham Elder

Address: Graham Elder Associates Limited,  
Langlands,  
1 Kymin Road,  
Penarth,  
Vale of Glamorgan,  
CF64 1AQ

Tel. +44 29 2070 3589  
Fax: +44 29 2070 0125

B (4)

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London EC3M 1JP  
United Kingdom

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Facsimile: +44 (0) 20 7623 5427

DX: 1071 London/City

www.clydeco.com

ABU DHABI BELGRADE CARACAS DOHA DUBAI GUILDFORD HONG KONG LONDON LOS ANGELES MOSCOW NANTES NEW YORK PARIS  
PIRAEUS RIO DE JANEIRO SHANGHAI SINGAPORE ST PETERSBURG Clyde & Co LLP offices and associated offices

TO To the Owners of the Vessel "MICHAIL M", c/o Sea Wind Maritime Co.  
SA, Piraeus, Greece, c/o Chiotellis & Co.

FAX NO +30 210 4294 948

ATTN Takis Chiotellis

YOUR REF

OUR REF AJS/ALB/0705318

DATE 7 November 2007

TOTAL PAGES (including cover) 1

### SECOND FAX

Dear Sirs

#### "MICHAIL M"

We write further to our previous correspondence including your fax dated 7 November 2007 received 15:43.

In our earlier fax to you of today, the suggestion has been made that the third surveyor to be instructed will be:

Graham Elder

It would assist if we could please receive the response of your clients on the above suggestion. For the record, we confirm our views that Mr. Elder surely can fulfil the position of an independent third surveyor.

May we please hear from you on the above as a matter of urgency.

Yours very truly

CLYDE & CO. LLP

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ABU DHABI BELGRADE\* CARACAS DOHA DUBAI GUILDFORD HONG KONG LONDON LOS ANGELES MOSCOW NANTES NEW YORK PARIS  
PIRAEUS RIO DE JANEIRO SHANGHAI SINGAPORE ST PETERSBURG\* Clyde & Co LLP offices and associated \* offices

TO To the Owners of the Vessel "MICHAEL M", c/o Sea Wind Maritime Co.  
SA, Piraeus, Greece, c/o Chiotelis & Co.  
FAX NO +30 210 4294 948  
ATTN Takis Chiotelis  
YOUR REF OUR REF AJS/ALB/0705318  
DATE 8 November 2007 TOTAL PAGES (including cover) (4)

Dear Sirs

## "MICHAEL M"

We refer to our previous correspondence including our second fax dated 7<sup>th</sup> November 2007.

We have been forwarded copy of a message sent by Captain Theo. For ease of reference a copy is attached.

Our clients' position has been, and remains, that they agree to the suggestion that a third independent surveyor be retained in order to check the condition of the cargo being delivered from this vessel. However, we confirm that our clients do not agree that the third surveyor will be SGS. Our clients have put forward the name of Mr Graham Elders who is a well known UK based surveyor and it is the view of our clients that his name should be acceptable also to Owners. Further we are still without an Undertaking from your firm to bear 50% of the costs of the attendance of Mr Elders.

The Owners have the duty to deliver the cargo and our clients cannot see any connection between an agreement or lack of an agreement to appoint a third surveyor, and the discharge and delivery of the cargo.

Would the Owners accordingly please confirm that, regardless of the question of the appointment of a third surveyor, that they are proceeding to discharge this cargo without any delay. B (6)

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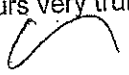
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Our clients have adhered to the terms of the settlement agreement concluded with Owners and propose to continue to do so. It is hoped that Owners will do likewise.

We look forward to receiving your urgent confirmation on the above.

Yours very truly

  
CLYDE & CO. LLP

B (7)

GAFT,

WITHOUT PREJUDICE:

REF: M/V MICHAEL M., SGS TO INSPECT THE CARGO ON BOARD.

YOUR FOLLOWING MESSAGE NOTED, THANKS.

OWNER'S HEREBY AGREE / ACCEPT SGS SURVEYOR TO ATTEND THE VESSEL FOR THE INSPECTION OF THE CARGO ON BOARD AT ANY TIME AND TO PREPARE THEIR FINAL SURVEY REPORT WHICH TO BE ACCEPTED AND BIND BY BOTH PARTIES (OWNERS AND CARGO RECEIVERS).

IF THE SURVEY REPORT IS CLEARLY STIPULATE THAT CARGO IS CLEAN AND NOT CONTAMINATED BY SEA WATER AND IT IS ONLY ATMOSPHERICALLY RUSTED THEN THE CARGO RECEIVERS AND THEIR INSURANCE COMPANY WILL CONFIRM THAT THEY WILL NOT ARREST OR PUT A LIEN OR DETAIN THE VESSEL IN BEIRA OR AT ANY OTHER PORT(S) AT THE PRESENT TIME OR IN THE FUTURE.

IF THE REPORT IS CLEARLY STIPULATE THAT PART OF THE CARGO HAS BEEN CONTAMINATED BY SEA WATER THEN OWNERS IMMEDIATELY PROCEED TO DISCH THE CLEAN CARGO AND THE DAMAGE ONE WILL BE DISCHARGED SEPARATELY IN RECEIVER'S TERRAIN OR IN THE PORT AND OWNERS TO UNDERTAKE TO CLEAN THE CARGO BY HIGH PRESSURE WATER JET.

IF AFTER THAT SGS'S SURVEYOR WILL FIND PART OF CARGO STILL DAMAGED (PITTING/SCALLING) CREATED BY SEA WATER AND HIS FINAL REPORT CLEARLY STIPULATE SO, THEN THE OWNER'S WILL ACCEPT TO PAY TO THE CARGO RECEIVERS FOR THE DAMAGED CARGO.

PLEASE URGENT ADVISE / CONFIRM ORDER TO APPOINT SGS SURVEYOR COMPANY AND TO SEND ON BOARD THEIR SURVEYOR.

B (8)

AWAITING YRS  
THINKS  
BRGDS  
CAP, THEO

B (9)

NOV-2007 15:29 FROM: CHIOTELIS&amp;CO 2104294948

TO: 00442076235427

P: 1/1

**CHIOTELIS & CO**  
Advocates and Consultants

5, Sachtourj Street, Piraeus 18536 HELLAS (GR)  
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---

**FACSIMILE TRANSMITTAL SHEET**

---

TO:	FROM: Takis Chiotelis Esq
COMPANY: CLYDE & CO	DATE: 9-11-2007
FAX NUMBER: 0044 207 6235427	TOTAL NO. OF PAGES INCLUDING COVER: 1
CC:	OUR REFERENCE:
RE: MICHAEL M	YOUR REFERENCE: AJS/ALB/0705318

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Dear Sirs

Thank you for your fax dated 8 November 2007.

Our clients do not agree to the Mr Elder being the third "independent" surveyor for obvious reasons. At the same time it is surprising that your clients do not trust a worldwide known firm as SGS but they only wish a particular individual to determine the real state of the cargo.

For these reasons, our clients insist that a third independent surveyor is appointed by SGS.

We look forward to hearing from you.

Kind regards

  
CHIOTELIS & CO

B (10)

# FAX TRANSMISSION

# CLYDE & CO

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PIRAEUS RIO DE JANEIRO SHANGHAI SINGAPORE ST PETERSBURG\* Clyde & Co LLP offices and associated \* offices.

TO To the Owners of the Vessel "MICHAIL M", c/o Sea Wind Maritime Co.  
SA, Piraeus, Greece, c/o Chiotelis & Co.  
FAX NO +30 210 4294 948  
ATTN Takis Chiotelis  
YOUR REF OUR REF AJS/ALB/0705318  
DATE 9 November 2007 TOTAL PAGES (including cover)

Dear Sirs

## "MICHAIL M"

We refer to our previous correspondence including your fax dated 9<sup>th</sup> November 2007 received here 12:36.

In your fax it is indicated that your clients do not agree to Mr Elder being the third independent surveyor,

*"For obvious reasons".*

We have reported to our clients who fail to understand what these "obvious reasons" could be.

Please could you explain. Further, if the name of Mr Elder remains for whatever reasons not acceptable to your clients then we are prepared to recommend our clients to put forward the name of the company Incomacs Ltd of Belgium, Mr Christian Eggremont.

We look forward to hearing from on an urgent basis.

Further we are still without your confirmation that your clients are delivering the cargo. May we please receive your confirmation of this as well.

Yours very truly

CLYDE & CO. LLP

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12-NOV-2007 15:47 FROM: CHIOTELIS&amp;CO 2104294948

TO: 00442076235427

P: 1/1

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## FACSIMILE TRANSMITTAL SHEET

TO:	FROM: Tals Chiotelis Esq
COMPANY: CLYDE & CO	DATE: 12-11-2007
FAX NUMBER: 0044 207 6235427	TOTAL NO. OF PAGES INCLUDING COVER: 1
CC:	OUR REFERENCE:
RE: MICHAEL M	YOUR REFERENCE: AJS/ALB/0705318

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Dear Sirs

Thank you for your last exchange.

We sought some clarification from our clients regarding their comments.

Their response was that they find it bizarre that your clients insist on particular individuals only to conduct an independent survey, all of which reside thousand of miles away from the place of the incident and they do not trust a surveyor randomly chosen by an internationally acclaimed firm such as SGS, especially when the said surveyor is going to be located much nearer than Belgium and London to the place of the incident.

We look forward to hearing from you.

CHIOTELIS & CO

B (12)

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PIRAEUS RIO DE JANEIRO SHANGHAI SINGAPORE ST PETERSBURG\* Clyde & Co LLP offices and associated \* offices

TO To the Owners of the Vessel "MICHAIL M", c/o Petramar Managers SA  
FAX NO +30 210 4111667 (Piraeus)  
ATTN Mr. Petros Pitsiladis  
YOUR REF OUR REF AJS/ALB/0705318  
DATE 13 November 2007 TOTAL PAGES (including cover) 2

Dear Sirs

"MICHAIL M"

We refer to our previous correspondence including your telephone calls to us on Monday 12<sup>th</sup> November 2007.

1. We write to confirm that our clients have instructed us to the effect that they are prepared to agree that SGS Mozambique will be appointed by the parties as an independent surveyor. Would you know please forward to us for the consideration of our clients draft of an agreement dealing with the appointment. Our clients also require an undertaking that the Carriers will bear 50 percent of the costs involved. Please let us know who it is proposed that will give such an undertaking. Please also confirm the steel expertise of the proposed SGS surveyor.

2. Following on from the above we write to confirm the comments made during your telephone calls to ourselves to the effect that it remains the expectation of our clients that the Carriers will proceed and deliver the cargo **immediately**.

3. The alternative is that unless we receive confirmation by return that this is now taking place, we are to nominate an arbitrator under the terms of the Settlement Agreement dated 26<sup>th</sup> October 2007 and within that framework will also be seeking an urgent order compelling the Carriers to deliver the cargo.

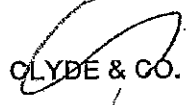
B 13

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We look forward to hearing from you on an urgent basis by reference to the above.

Yours very truly

  
CLYDE & CO. LLP

B 14



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TO:	FROM: Takis Chiotelis Esq
COMPANY: CLYDE & CO	DATE: 13-11-2007
FAX NUMBER: 00 44 207 623 5427	TOTAL NO. OF PAGES INCLUDING COVER: 1
CC:	OUR REFERENCE:
RE:MICHAEL M	YOUR REFERENCE: AJS/ALB/0705318

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Dear Sirs

Thank you for your fax dated 13-11-2007.

Practically we will have now to deal with the following matters:

- A) Do you agree that the owners write to their agent in Mozambique so that he can ask SGS to arrange for the appointment? How do you wish the particular appointment to take place?
- B) The draft Agreement for the appointment of the independent surveyor will refer to the consensus of the parties to abide with the decision of the surveyor whose findings will be final and binding. Have you got any particular wishes?
- C) Do you wish to agree upon specific questions to be answered by the surveyor?
- D) Do you wish SGS to give a CV of the suggested surveyor?

We look forward to hearing from you.

Kind Regards

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B15

## **EXHIBIT B**

*Part II*

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 PIRAEUS RIO DE JANEIRO SHANGHAI SINGAPORE ST PETERSBURG\* Clyde & Co LLP offices and associated \* offices

TO Messrs. Chiotelis & Co.  
 FAX NO +30 210 4294 948  
 ATTN Takis Chiotelis Esq  
 YOUR REF  
 DATE 13 November 2007  
 CC  
 FAX NO +30 210 42 86 258 ✓

OUR REF AJS/ALB/0705318  
 TOTAL PAGES (including cover) 2

Dear Sirs

**"MICHAEL M"**

We refer to our previous correspondence including your fax dated, 13<sup>th</sup> November 2007, received here, 13:00 hours. We respond using the paragraph numbering of your fax.

- A) Our suggestion is that the letter is written by your firm to SGS in Mozambique and us in copy. Might we suggest that you forward to us a draft for our consideration before the letter goes out.
- B) We believe our clients will want to ensure that the surveyor is given access to all of the relevant cargo and to the relevant cargo holds of the vessel. Further the surveyor should have the opportunity to discuss matters with the surveyors already instructed on behalf of Cargo Interests and the Carriers before he forms his view. His opinion we believe should be set out giving his detailed reasons for his conclusions including:
1. Extent of damage to the cargo.
  2. Type of damage: physical/salt water/fresh water/other.
  3. Cause of damage to the cargo.

B 16

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4. Approximate period of time during which any damage was caused.
5. Liability.
6. Quantum.


C) Please see above.

D) We do believe it would be helpful if SGS could confirm the particular expertise of the surveyor as far as steel cargoes are concerned.

In addition to the above, we do need confirmation from the Carriers as to the mode of payment to the surveyor. Our clients have requested that they are provided with assurances as to how the surveyor will get paid. Accordingly could you please forward to us for our consideration the proposals of the Carriers including specifically the identity of the party who, it is proposed, will give an undertaking to bear the part of the Carriers in the fees of the surveyor.

Finally, we are still without the confirmation of the Carriers that the cargo is being delivered from the vessel. Please could this be confirmed to us by way of a return message.

Yours very truly

  
CLYDE & CO. LLP

B 17

NOV-2007 17:02 FROM: CHIOTELIS&amp;CO 2104294948

TO: 00442076235427

P: 1/3

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---

**FACSIMILE TRANSMITTAL SHEET**

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TO:	FROM: Takis Chiotelis Esq
COMPANY: CLYDE & CO	DATE: 14-11-2007
FAX NUMBER: 00 44 207 623 5427	TOTAL NO. OF PAGES INCLUDING COVER: 3
CC:	OUR REFERENCE:
RE: MICHAEL M	YOUR REFERENCE: AJS/ALB/0705318

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---

Dear Sirs

Thank you for your fax dated 13-11-2007.

First of all we are attaching draft letter which our clients propose to send to SGS Mozambique. We hope you agree with the contents. On that letter we cover point D as well and also give the necessary instructions to the surveyor to cover the necessary points you mention in his report.

We also enclose a draft Agreement which deals with the validity of the independent's surveyor's report and the consensus of the parties to it.

We trust that the surveyor that will be nominated will not need the assistance of the existing reports and in any event it is fairer that the said surveyor does the work without any external influences whatsoever.

The day after tomorrow a berth will be available and the owners have requested a place, so it is important to agree to all the issues today or tomorrow latest.

We look forward to hearing from you

Kind Regards

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---

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B 18

DELFINO MARITIME CORP.

Majuro Marshall Islands

For the attention of  
S.G.S. Mozambique /  
For the attention of  
Mr. Manuel Paulo King And Sons- ship agents

CC CARGO UNDERWRITERS, BREFFKA & HEHNKE GMBH & Co

14 November 2007

Dear Sir

We are the owners of M/V MICHAIL M, of Basseterre St Kitts & Nevis GRT 2824.

Our vessel arrived at Beira with 3.003,7 MT of hot rolled corrugated, reinforcement round bars. The consignees allege that the said cargo has suffered damage and have asked us to put security for their alleged claim. We allege that there is no damage to the said cargo, apart from surface atmospheric rust which occurred due to the prolonged stay of the cargo in the holds and that with water blast this damage will disappear.

The cargo underwriters have agreed with us that an independent surveyor should determine the following points in relation to the abovementioned issue:

- 1- Extent of damage to the cargo -if any
- 2- Type of damage: physical-atmospheric/salt water/ fresh water/other
- 3- Cause of the damage (if any damage exists)
- 4- Approximate period of time during which any damage occurred
- 5- Liability
- 6- Quantum

We would be grateful if you could nominate a surveyor of yours which will be available in the region and with the necessary expertise for the cargo in question, to determine the abovementioned issues.

The said surveyor will be able to board the vessel and check the cargo, but he should also have the time to attend the discharge of the cargo and report with precision as to the actual quantity of cargo that may have been affected and in what degree. Costs and expenses will be borne equally by both owners of the vessel and consignees.

We look forward to hearing from you the nomination. Given that a berth will be available in two or three days from today, your urgent attention on the matter will be appreciated.

Kind regards

B 19

NOV-2007 17:02 FROM:CHIOTELIS&CO 2104294948

TO:00442076235427

P:3/3

# DECLARATION

With this document the owners/managers of M/V MICHAIL M, DELFINO MARITIME CORP and the consignees of the cargo and /or the cargo's underwriters do hereby declare and irrevocably agree, that the outcome of the survey report of the surveyor that will be nominated by SGS Mozambique to survey the cargo on board the vessel MICHAIL M and in particular the cargo described in the BoL No .... Dated .... and the results and findings therein will be final and binding upon the aforementioned parties.

B 20

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PIRAEUS RIO DE JANEIRO SHANGHAI SINGAPORE ST PETERSBURG\* Clyde & Co LLP offices and associated \* offices

TO To the Owners of the Vessel "MICHAEL M", c/o Messrs Chiotelis & Co  
FAX NO +30 210 4294 948  
ATTN  
YOUR REF OUR REF AJS/ALB/0705318  
CC. Petros Pitsiladis  
FAX NO +00 30 210 428 6258  
DATE 16 November 2007 TOTAL PAGES (including cover) 2

Dear Sirs

**"MICHAEL M"**

We refer to our previous correspondence and your fax of 14<sup>th</sup> November 2007.

We confirm that on 15<sup>th</sup> November 2007 we took a telephone call from Mr Petros, during which we confirmed to him that in order for us to take instructions from our clients on the draft agreement we did believe that our clients would want:

1. An Undertaking from a third party that the share of Owners in the appointment of the independent surveyors will be paid.
2. Details concerning the relevant experience of the SGS Surveyor who it is intended will be the third expert.
3. We did also confirm to Mr Petros that our clients were still without confirmation that the vessel was delivering the cargo.

We confirm we have not heard from Owners' side and would be grateful if we could now receive

B 21

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the confirmation of Owners by reference to the above listed points.

Yours very truly

CLYDE & CO. LLP

B 22

B23

----- Original Message -----

**From:** Michael Christensen

**To:** T Jambo Lloyd's Agency

**Sent:** Monday, November 26, 2007 3:52 PM

**Subject:** Fw: OUR FILE REF: 11/0266/07; JERPINTA MOZAMBIQUE; 3003.7 MT HOT  
ROLLED CORRUGATED REINFORCEMENT ROUND BARS EX "MICHAIL M"

Dear Sir,

Please issue new instructions based on this message from Carrier's surveyor.

Krgds

M. B. Christensen

----- Original Message -----

**From:** PATTERSON & ASSOCIATES

**To:** [pecadana@intra.co.mz](mailto:pecadana@intra.co.mz)

**Sent:** Monday, November 26, 2007 3:20 PM

**Subject:** FW: OUR FILE REF: 11/0266/07; JERPINTA MOZAMBIQUE; 3003.7 MT HOT ROLLED CORRUGATED REINFORCEMENT ROUND BARS EX "MICHAIL M"

**From:** PATTERSON & ASSOCIATES [<mailto:mike@pattersonandassociates.co.za>]

**Sent:** 26 November 2007 12:26 PM

**To:** '[mozmaritime@dtm.co.mz](mailto:mozmaritime@dtm.co.mz)'

**Cc:** '[pecadana@intra.co.mz](mailto:pecadana@intra.co.mz)'

**Subject:** OUR FILE REF: 11/0266/07; JERPINTA MOZAMBIQUE; 3003.7 MT HOT ROLLED CORRUGATED REINFORCEMENT ROUND BARS EX "MICHAIL M"

## Patterson & Associates

Marine Surveyors ♦ Loss Adjusters ♦ Tracing & Recovery Agents

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Tel : (+27 31) 7655757

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Cell: 082 5525 130 (Mike Patterson)

Cell: 082 5695 086 (Dave Oram)

Email: [mike@pattersonandassociates.co.za](mailto:mike@pattersonandassociates.co.za) (Mike

Patterson)

Email: [dave@pattersonandassociates.co.za](mailto:dave@pattersonandassociates.co.za) (Dave Oram)

Zimbabwe:

P O Box BW 1540

Borrowdale

Cell: (+263) 912 211313 (Rob Anderson)

Email: [gskzimmd@mweb.co.zw](mailto:gskzimmd@mweb.co.zw)

Dear Michael,

Your meeting with Dave Oram of our office last week refers.

As explained, we were requested by SGS Mozambique, who in turn represent the vessel's owners to assist in this matter.

In this regard, please be advised as follows:

B 24

1. We propose that we meet jointly with yourselves and your client possibly next week; please advise if you and your client are available?
2. Please ensure that the shipment is not despatched from your client's premises until we have had the opportunity to jointly examine the shipment again with you and your client.
3. It is also recommended that your client's intended customer is in attendance at the same time.
4. We will require a full set of copy shipping documents from you/your client when we next meet; documents should include but not necessarily be limited to the following:
  - a. Bill of Lading.
  - b. Shipper's Invoice
  - c. Shipper's packing list, if issued.
  - d. Copy Insurance Certificate (issued by Breffke & Hehnke, Dusseldorf).
  - e. Loading survey report (please be advised in this regard that we have in fact dealt for many years with Breffke & Hehnke who always arrange for a loading and discharge survey to be carried out on any steel shipments that they arrange insurance cover for; your client should easily be able to get a copy of this loading report from the shipper's of the steel who, if they don't have a copy can easily obtain one from Breffke & Hehnke).
  - f. Copy of Port delivery notes/transporter's delivery notes to your client's premises.
  - g. Copies of any correspondence that your client may have exchanged with the shippers and/or insurers of this shipment.

Thank you and we look forward to hearing from you.

Kind regards,

MIKE PATTERSON

PATTERSON & ASSOCIATES  
P O Box 1801, Westville, Durban, KZN

Phone: (+27) 31 7655757

Fax: (+27) 31 7655752

Cell: 082 5525 130

Mail: mike@pattersonandassociates.co.za  
or secretary

angela@pattersonandassociates.co.za

B 25

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ABU DHABI BELGRADE\* CARACAS DOHA DUBAI GUILDFORD HONG KONG LONDON LOS ANGELES MOSCOW NANTES NEW YORK PARIS  
PIRAEUS RIO DE JANEIRO SHANGHAI SINGAPORE ST PETERSBURG\* Clyde & Co LLP offices and associated \* offices

TO To the Owners of the Vessel "MICHAIL M", c/o Sea Wind Maritime Co. SA,  
FAX NO +30 210 428 6258 Piraeus, Greece  
ATTN Takis Chiotelis  
OUR REF AJS/ALB/0705318

DATE 13<sup>th</sup> February 2008

TOTAL PAGES (including cover) 5

Dear Sirs

## "MICHAIL M"

We write further to our previous correspondence in relation to this matter.

On the basis of our clients' instructions we are writing to present this claim. We attach copies of the following documents:

1. Bill of Lading dated 20<sup>th</sup> April 2007.
2. Note of the Receivers dated 27<sup>th</sup> November 2007 from the Receivers, Ferpinta.

Our instructions are to pursue a claim for the diminution in the value of the cargo at the amount of US\$411,140 as per the details included in attachment No.2.

In the circumstances we look forward to receiving within 14 days of this letter:

1. Confirmation of the Carriers as to the provision of security. In that regard would the Carriers please note the instructions of our clients that the security should be put up by way of a Bank Guarantee drawn on a First Class Bank.
2. The settlement proposals of the Carriers.

B 26

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2. The settlement proposals of the Carriers.

We confirm that, as per the instructions of our clients, pending an agreement on the provision of security.

The instructions of our clients are to pursue this claim for the amount of US\$411,140, plus interest and costs.

In the circumstances we look forward to receiving the settlement proposals of the carriers within 14 days from the date of this letter.

Yours very truly,

CLYDE & CO. LLP

B 27

Page 2

## "BILL OF LADING"

B/L No. 1

CARRIER: DELFINO MARITIME CORP. MAJURO, MARSHALL ISLAND

Reference No.

Consigned to order of:

TO THE ORDER OF  
BANCO COMERCIAL E DE INVESTIMENTOS,  
SARL, MAPUTO

Notify address:

FERROMOZAMBIQUE - COMERCIO E  
INDUSTRIA DE FERNANDO PINHO  
TEIXEIRA, LDA, ESTRADA NAC. NO. 1,  
KM 14, MAPUTO - MOZAMBIQUE

Shipper

CAGCELIK DEMIR VE CELIK END. A.S.  
DES SAN. SIT. 106, SOK. B BLOK NO:12  
DUDULLU - ISTANBUL, TURKEY

ORIGINAL

Vessel  
M/V MICHAEL M

Port of loading  
NEMRUT PORT, TURKEY

Port of discharge  
BEIRA PORT - MOZAMBIQUE

Shipper's description of packages and contents

PRIME QUALITY REINFORCEMENT STEEL BARS

	NUMBER OF BUNDLES	QUANTITY (TONS)
LOT A	1,246	2,608,500
LOT B	248	497,200

TOTAL NUMBER OF BUNDLES: 1,494

TOTAL QUANTITY: 3,005,700 TONS

CLEAN ON BOARD  
20.04.2007

DOCUMENTARY CREDIT NUMBER: CD10710112

(Of which... NONE... on Deck at Shippers' risk;  
the Carrier not being responsible for loss of damaged or washed away cargo)

Freight payable at:

"FREIGHT PREPAID"


Freight Advance:

Received on account of freight:

SHIPPED on board in apparent good order and condition for carriage to the port of discharge or so near thereto as the Vessel may safely get for the above mentioned goods which are to be delivered in the like good order and condition at the aforesaid port of discharge into the Consignee or their Assigns, they paying freight as per rate on this bill plus other expenses incurred in accordance with the provisions contained in this Bill of Lading, whether written or printed, to which provisions the Consignee or Assigns expressly agree in accepting this Bill of Lading. Otherwise subject to the terms and conditions stated overleaf.

Weight, measurement, quality, quantity, condition, contents and value unknown. (MARK) NESS, who is the master or agent of the said Vessel, has signed the reverse of original Bills of Lading stated below, all of this tenor and date, one of which being accomplished the others to be void.

Number of Original B/L	Place of issue	Date of issue
3 Three	IZMIR	20.04.2007

Signed by for and on behalf of the master YURY CHAKHIRACH  
as agent only.



B 28  
YURY CHAKHIRACH  
20.04.2007



To: Breffka & Hehnke, Mr. Alfred Hehnke

From: FerroMozambique

Date: 2007-11-27

Subject: Reception of Reinforcement Steel Bars at Beira, Mozambique

Supplier: CAG CELIK, Turkey

Vessel: MICHAIL M.

Quantity: 3,003,7 tons

#### A. Introduction

As previously showed by fotos of surveys the cargo has been in contact with salted water during the voyage between Greece (where the vessel was repaired) and Beira, Mozambique.

The material with direct contact with salt water is already seriously damaged (view photos attached on pages 3 to 8).

Please take in consideration that the material that had less contact with salt water apparently it isn't a problem but it is the exact same situation: this material can't be used in construction because in a few weeks it will change its condition and it will be a lot more advanced state of corrosion.

If we sell this material with salt water corrosion we will be in trouble when problems on the building occur due to broken rebars. So the affected material has no value to us.

#### B. Loss Analyses

Material affected by sea / salted water corrosion: 674 tons

Value of loss = Quantity x Price per ton (Cag Celik's invoice)  
= 674 tons x 710 USD/ton  
= 478.540 USD

B 29



$$\begin{aligned}
 \text{Scrap Value} &= \text{Quantity} \times \text{Scrap Price (considering material's condition)} \\
 &= 674 \text{ tons} \times 100 \text{ USD/ton} \\
 &= 67,400 \text{ USD}
 \end{aligned}$$

$  \begin{aligned}  \text{Final Loss Value (Scrap Value deducted)} &= \text{Loss} - \text{Scrap Value} \\  &= 478,540 \text{ USD} - 67,400 \text{ USD} \\  &= 411,140 \text{ USD}  \end{aligned}  $
---

The scrap value is already very optimistic because the advance state of corrosion that the material will have in a few days / weeks. We expect that if we can't sell these affected materials on the next weeks, its value will be ZERO.

You should also consider that we have more 150 USD/ton of costs related to the expenses that we had with the cargo (including salvage fee, discharge, transport and other costs). Interests related to the payment of this cargo, from 10<sup>th</sup> May 2007 up to today, we estimate about 140,000 USD.

### C. Conclusions

We think that the value asked on this claim is still low because of the high costs that we had with all process. We will have big difficulties to sell these materials due to the high costs of this process.

There is a significant part of the cargo damaged with salted water (674 tons). We only make the claim for the direct cost of the affected material (value in USD/ton from our suppliers invoice) with a total value of USD \$411,140.

The corrosion caused by sea water will be much more visible on a near future (2/3 weeks).

We must sell all scrap immediately or it will loose on the next weeks any value that it may have today.

B 30

2008 18:44 FROM:CHIOTELIS&amp;CO 2104294948

TO:00442076235427

P:1/1

CHIOTELIS &amp; CO

Advocates and Consultants

5, Sachtouris Street, Piraeus 18536 HELLAS (GR)

T +30 210 4294 928 F +30 210 4294 948

## FACSIMILE TRANSMITTAL SHEET

TO:	FROM: Takis Chiotelis Esq
COMPANY: CLYDE & CO	DATE: 26-2-2008
FAX NUMBER: +44 2076235427	TOTAL NO. OF PAGES INCLUDING COVER: 1
CC:	OUR REFERENCE:
RE: MICHAEL M	YOUR REFERENCE: AJS/ALB/0703318

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Dear Sirs

We refer to the aforementioned matter and previous communications, in particular yours dated 13-2-2008.

Our clients deny the contents of the Note of the receivers. In any event we will need to see the original and signed Note, as the one you have provided us is unsigned.

Unless a compromise is reached in the lines of the contents of the joint, final and binding survey that took place by SGS Mozambique, then our clients will commence Arbitration proceedings forthwith seeking a declaration that their vessel is not subject to any alleged liability whatsoever plus costs, pursuant to the Arbitration Clause contained in the Settlement Agreement dated 26-10-2007.

We look forward to hearing from you.

CHIOTELIS &amp; CO

11

B 31

**FAX TRANSMISSION**

**CLYDE & CO**

51 Eastcheap  
London EC3M 1JP  
United Kingdom  
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Facsimile: +44 (0) 20 7623 5427  
DX: 1071 London/City  
www.clydeco.com

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PIRAEUS RIO DE JANEIRO SHANGHAI SINGAPORE ST PETERSBURG\* Clyde & Co LLP offices and associated \* offices

**TO** To the Owners of the Vessel "MICHAEL M", c/o Sea Wind Maritime Co. SA,  
**FAX NO** +30 210 428 6258 Piraeus, Greece  
**ATTN** Takis Chiotelis  
**OUR REF** AJS/ALB/0705318

**DATE** 27<sup>th</sup> February 2008

**TOTAL PAGES (including cover)**

Dear Sirs

**"MICHAEL M"**

We refer to our previous correspondence, including your fax dated 26<sup>th</sup> February 2008.

Referring to the third paragraph of your fax, could you please arrange to forward to us a copy of the "joint, final and binding survey". Please also forward to us any evidence supporting the comment that this survey is to be considered as "joint, final and binding".

Upon receipt of this documentation our clients' further instructions can be taken.

We confirm we have requested our clients to forward to us a copy of the signed note of the Receivers.

Pending your response to the above, we can see no basis whatsoever to your clients commencing arbitration and can only confirm any such step on behalf of your clients will be vigorously resisted.

Finally please confirm re proposals of your clients in relation to putting up security for the cargo claim.

Yours very truly,

  
CLYDE & CO. LLP

B 32

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## **EXHIBIT B**

Part III

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TO:00442076235427

P:1/12

CHIOTELIS &amp; CO

Advocates and Consultants

5, Sachitouri Street, Piraeus 18536 HELLAS (GR)

T +30 210 4294 928 F +30 210 4294 948

## FACSIMILE TRANSMITTAL SHEET

TO:	FROM:
Amir Sussanman Beq	Takis Chiotellis
COMPANY:	DATE:
CLYDE & CO	8-7-2007
FAX NUMBER:	TOTAL NO. OF PAGES INCLUDING COVER:
0044 207 6235427	12
CC:	OUR REFERENCE:
RE: MICHAEL M	YOUR REFERENCE:

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Dear Amir,

We refer to the aforementioned matter and the telephone conversation we had on the issue and the possible terms of a settlement in view of the fact that your clients managed to freeze funds of our clients in New York.

Please note that we had further discussions with our clients and in view of that we enclose the following documents for your consideration which present a fair view of the situation as agreed and which do not reconcile the views depicted in your last fax communication:

1. Settlement Agreement
2. Final report of SGS
3. Fax from Clyde & Co dated 13-11-2007
4. SGS Invoice for which your clients are liable for half of it

Please comment at your earliest convenience.

The owners view at this moment is that the freezing of the funds is wrongful, the Court in New York has been misled and that the said action has caused great losses to them

The owners, without prejudice to their rights against your clients, demand the release of the funds withheld in New York within 48 hours from receipt of this Notice.

Kind regards

CHIOTELIS &amp; CO

B 33

8-JUL-2008 17:47 FROM:CHIOTELIS&amp;CO 2104294948

TO:00442076235427

P:2/12

Cyde &amp; Co LLP

06/11/2007 10:29:52

PAGE

37005

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COPY

## SETTLEMENT AGREEMENT

Today, 26th of October 2007, between

A) Sea Wind Maritime S.A. a company incorporated in the Republic of Liberia, hereinafter called "the managers"

B) Delfino Maritime Corp, a company incorporated in the Republic of Marshall Islands, hereinafter called "the shipowners"

AND

FERROMOZAMBIQUE - COMERCIO E INDUSTRIA DE FERNANDO PINHO TEIXEIRA, LDA, hereinafter called "the receivers"

It is mutually agreed as follows:

## I) RECITALS

The shipowners are the lawful owners of M/V MICHAEL M. GRI/NRT 2811/1622 of St Kitts & Nevis Registry. The managers are managing the said vessel. Pursuant to a C/F dd 12 April 2007, it was agreed that the vessel will carry minimum 3,000.70 mt of DEARS in Brudles 12 METRS STW/DWT. The said cargo was duly loaded on the vessel on 20 April 2007 and Bills of Lading were issued. Receivers/consignees in the Bill of lading appear to be FERROMOZAMBIQUE - COMERCIO E INDUSTRIA DE FERNANDO PINHO TEIXEIRA, LDA, ESTRADA NAC NO1 KM 14 MAPUTO MAZAMBIQUE.

During the voyage from Istanbul to Beira the vessel stranded and General Average was declared. The vessel recovered from the incident and is now en route to Beira after a long delay with ETA 28 October 2007. Due to the mutual potential claims of all the parties concerned, the parties wish to settle all their differences arising from this delay and the General Average liabilities of the cargo interests, in accordance with the terms and conditions of this Agreement.

## II) THE SETTLEMENT

The OWNERS/ MANAGERS waive all and any rights and claims whatsoever including but not limited to their right to claim General Average contribution on the cargo from any lawful receiver/consignee of the cargo as this cargo is described in the cargo manifest dated 20-4-2007 and the relevant Bill of Lading of the same date.

SEA WIND MARITIME COMPANY S.A.  
NAYTAKAKI ETAPIA 1220/07  
YAPUANYI ETAPIA 1220/07  
NAYTAKAKI ETAPIA 1220/07  
TUA 1220/07

DELFINO MARITIME CORP  
REPUBLIC OF THE  
MARSHALL ISLANDS

JAS SHARMA  
Pod + 001 Genet of REPOVAL  
MANAGEMENT + ADJ. ADMS SERVICES  
AS AGENTS FOR FERROVIA  
PORTUGAL

B34

9-JUL-2008 17:48 FROM:CHIOTELIS&amp;CO 2104294948

TO:00442076235427

P:3/12

Clyde &amp; Co LLP

06/11/2007 10:29:52 PAGE

4/005

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In return the receivers agree to waive all and any rights, claims etc that may have against the owners and/or the managers of the vessel which arise solely from the delay incurred in the delivery of the cargo to Betra. This waiver of rights does not include claims or rights that the receivers may have against the owners and/or managers of the vessel due to the deterioration of the quality of the cargo or loss or damage to the cargo. The receivers do though accept that the cargo being in the holds of the vessel for almost 6 months will bear reasonable atmospheric rust and will not raise any claim about it as long as this is cleared by the owners on delivery via water blasting.

### III] WARRANTIES

The receivers warrant that they are the lawful consignees and holders of the issued Bills of lading and that the said Bills have not been endorsed to any other third party.

If however such endorsement has taken place, the Receivers warrant that they will incorporate the terms of this Settlement Agreement to the new endorsee.

### IV] WAIVER AND ENTIRE AGREEMENT

Failure by either party to exercise any right or remedy under this Agreement will not constitute a waiver of that party's rights or remedies.

This Agreement is the parties' entire understanding of the settlement contract between them and supersedes all prior agreements representations and proposals, oral or written.

In entering this Agreement none of the parties has relied upon any representations or warranty or undertaking, which is not contained in this Agreement or any document referred to in it.

### V] NOTICES

Notices under this agreement will only be valid if sent to  
For the owners/managers to CHIOTELIS & CO FAX + 30 210 42 94 948  
Attention takis Chiotellis  
For the receivers to Peripinta, S.A. FAX + 351 250 411 420 Attention Nuno Pires

### VI] SEVERABILITY

If any provision of this Agreement is held by any competent authority to be invalid or unenforceable in whole or in part the validity of all other provisions

SEA WINDMILL COMPANY S.A.  
NAYNAKHELE MARSH N. 88/07  
XAPPAADY TIKKONIK LEPALAK 165 36  
ARM 090763374 001111000N DEPAIF  
11/11/2006/206-1

DELFINO MARITIME CORP  
REPUBLIC OF THE  
MARSHALL ISLANDS

JAF SHARMA  
FOR + ON BEHALF OF  
DELFINO MARITIME + AVIATION  
SERVICES AS AGENTS FOR  
PERIPINTA PERIPINTA

8-JUL-2008 17:48 FROM:CHIOTELIS&CO 2104294948

TO:00442076235427

P:4/12

~~Hyde & Co LLP~~

~~08/11/2007 10:29:52~~

PAGE

5/005

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(and if applicable the remainder of the provision in question) shall not be affected.

#### VII] JURISDICTION CLAUSE

This Agreement will be construed under English law and any dispute arising from this Agreement will be determined in Arbitration in London, each party to appoint their own Arbitrator, with LMAA rules to apply.

SEA WIND MARITIME COMPANY S.A.  
NAYTIAN KH. 10001A-N/09/07  
XAPAVOYT EKIVATY - DEPAKE 185 20  
ANNA 09973374 - A.D.T. TACON DEPA  
TEL 4286366-7

DELFINO MARITIME CORP  
REPUBLIC OF THE  
MARSHALL ISLANDS

JAS SHARMA  
Taken on behalf of  
DOLPHIN MARITIME &  
AVIATION SERVICES AS  
AGENTS FOR  
DELFINO, Panama

DOLPHIN MARITIME & AVIATION SERVICES LTD  
DOLPHIN HOUSE, 11 THE BROADWAY  
STANNORE, MIDDLESEX, HA7 4DW  
ENGLAND

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EMAIL: info@dolphin-maritime.com

B 36



8-JUL-2008 17:48 FROM:CHIOTELIS&amp;CO 2104294948

TO:00442076235427

P:5/12

**SGS**Mozambique Lda  
Estrada Nacional No 6, Vaz  
BeiraTel: (+258 23) 302104  
Fax: (+258 23) 302103  
Cell: +258 843435366  
Email: Hava.Abdulrazak@sgs.com (Hava Abdulrazak)**SGS**

Certificate Nr. 250101 / 18119 / 08

File Nr. B / 20 / 9488 / 07

Page 110

**SURVEY REPORT****Sea Wind Maritime SA - PIRAEUS****SURVEY REPORT ON****SHIPPERS****CONSIGNEE****CARGO MARKS & NOS****CARGO DESCRIPTION****VESSEL****FLAG****PORT OF REGISTRY****CALL SIGN****REGISTERED NO****IMO NO****OWNER****OPERATOR****DATE BUILT****GROSS TONNAGE (SUEZ)****NET TONNAGE (SUEZ)****APPLICATION FOR SURVEY:**SUSPECTED DAMAGE TO STEEL (HOT ROLLED  
CORRUGATED REINFORCEMENT ROUND BARS)

UNKNOWN/NOT ADVISED

JERPINTA MOZAMBIQUE, BEIRA, MOZAMBIQUE

AS ADDRESSED  
JERPINTA MOZAMBIQUE3003.7 MT HOT ROLLED CORRUGATED  
REINFORCEMENT ROUND BARS

"MICHAEL M"

ST. KITTS &amp; NEVIS

BASSETERRE

V4FN

SKN 1001142

7622174

DELFIN MARITIME CORPORATION

SEA WIND MARITIME S.A.

1977

2824 BR2 (2656,43)

1673 NRT (2042,25)

21 NOVEMBER 2007

B 37

Mozambique, Lda

Estrada Nacional No6 - Vaz, Beira Mozambique  
t (258) 23 302104 f (258) 23 302103 www.sgs.com

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P:6/12

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Page 2/6

INDEX

1. INTRODUCTION

2. DOCUMENTATION

3. SHIPMENT TO BEIRA

4. CARGO/VESSEL EXAMINATION

5. CONCLUSION

Annex: PHOTOGRAPH REPORT

Page

3

3

5

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B 38

Sociedade, Lda

Estrada Nacional No 8 - Vaz, Beira Marantique

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P:7/12

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Page 3/8

**1. INTRODUCTION**

In accordance with survey application received from Messrs Sea Wind Maritime SA., acting on behalf of the vessel's owners, Delfino Maritime Corporation, Piraeus we Moçambique Lda, Beira, confirm having attended in our capacity as Independent Marine Cargo Surveyors to examining the above captioned shipment both onboard the vessel and at receivers' premises in Beira, Mozambique.

This report is an interim report and covers the results of our investigations into this matter to date. Should principals require further investigation into this matter, we await receipt of the appropriate instructions.

In the meantime our report is as follows:

**2. DOCUMENTATION**

No documentation of whatsoever nature has been provided to our office, to date, relating to this shipment.

Pescodana Lda, Beira who are employed in the fishing industry in Mozambique) were represented by Mr. M. B. Christensen who is a Marine Engineer.

Christensen advised us that he had been subcontracted by the local Lloyds agency in Beira who in turn were acting on behalf of Dusseldorf based insurance brokers, Breffka & Hehnke.

Breffka & Hehnke are the brokers/insurers for the shippers/receivers of this steel shipment.

The following documentation was requested from Christensen/receivers:

- a) Bill of Lading.
- b) Shippers Invoice.
- c) Shippers Packing List, if issued.
- d) Copy Insurance Certificate (Issued by Breffka & Hehnke, Dusseldorf).
- e) Loading survey report (Breffka & Hehnke customarily instruct surveyors to superintend loading and discharge of steel shipments insured by them).
- f) Copy of bill of delivery notes and shippers delivery notes to Jerpinta Mozambique premises.

It is noted that the above may correspond to documents that Jerpinta Mozambique may have exchanged with shippers and/or their insurers in this shipment.

Pescodana/Christensen informed us subsequently that they had forwarded our requests to the Lloyds Agency in Beira who, in turn would contact Breffka & Hehnke in Dusseldorf.

At the time of issuing this report, no further response has been received.

We are therefore under the circumstances unable to comment on the correct tonnage/value etc.

Moçambique, Lda Estrada Nacional N°6 -Viz. Beira Moçambique  
t(258) 23 302104 f(258) 23 302103 www.sgs.com

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P:8/12

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Fila Nr. B / 20 / 9488 / 07

Page 9/11

**3. SHIPMENT TO BEIRA**

Information provided to us was on the basis of discussions held with the vessel's Chief Officer at the time of our attendance onboard the vessel in Beira on 22<sup>nd</sup> November 2007.

This information is summarized as follows:

1. The cargo was originally loaded in Turkey.
2. The vessel proceeded off Turkey in May 2007, general average was apparently declared.
3. No claims were submitted against cargo interests by owners (according to the Chief Officer), or by cargo owners against vessel's owners at this time.
4. The vessel then loaded cargo in Israel (port unknown) which was subsequently discharged at a Nigerian port.
5. On arrival of the vessel at Beira, apparently ± 1000 mt of the original steel parcel was discharged at that port thereafter receivers (Jerpinta) advised that they wished to claim on this shipment and as a result there was an attempt to obtain security from owners amounting to US\$ 1 000 000,00.
6. We understand that prior to our requested intervention in this matter, the vessel then moved off the berth and proceeded to outer anchorage on 1<sup>st</sup> November 2007 where it remained until 17h30 on 19 November 2007, thereafter returned to the berth in Beira port to resume discharge.

No documentation has to date been provided to our office to substantiate the exact tonnage discharged and received by Jerpinta, but it is assumed that this comprised the entire parcel of 3003,7mt manifested.

**4. CARGO/VESSEL EXAMINATION**

Following survey application, the first available flight to Beira was on 22<sup>nd</sup> November 2007.

By the time we arrived in Beira, the vessel was nearing the end of discharge and was set to sail within a matter of hours.

Accordingly, as per our e-mail communication to Sea Wind Maritime SA on 26<sup>th</sup> November 2007, we suggested that owners give consideration to appointing a surveyor at the next port of call to carry out ultrasonic scanning of hatch covers and/or subject the hatch covers to a simple hose test to determine/confirm watertight integrity.

This was to counter any claims made by cargo interests that sea water ingress had occurred into cargo holds.

Conducted spot silver nitrate tests, at random on the tank top plating in the cargo holds and on the shipment still onboard the vessel at this time, also on the quayside and only at receiver's premises in Beira.

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File Nr. B / 20 / 9488 / 07

Silver nitrate tests on quayside cargo and that delivered to receivers' premises was conducted jointly with Mr M Christensen, representing the local Lloyds Agency/cargo insurers.

Page 5/8

All Silver Nitrate tests indicated a negative presence of chlorides, in turn indicating that no sea water ingress had occurred into the vessel's holds.

When confronted with this information, receiver's surveyor claimed that any residual chlorides may have been washed off by rain following discharge.

It was pointed out that Silver Nitrate tests conducted on cargo onboard the vessel and on the tanktop hold tanktop plating all showed a negative presence of chlorides.

Examination of the remaining steel at receivers' premises revealed same to be stockpiled in the open and exposed to the elements.

The degree of corrosion on this material was worse than that noted onboard the vessel and on the quayside alongside the vessel.

When this was pointed out to receivers and the insurer's surveyor, we were informed that progressive corrosion as a result of exposure to fresh/rain water was not a problem, only exposure to salt water.

We repeated our findings that Silver Nitrate tests conducted onboard the vessel revealed no presence of chlorides.

It was clear from our discussion with the receivers/insurer's nominated surveyor that he had not carried out Silver Nitrate tests onboard the vessel, particularly on tanktop platings and had merely assumed that because the cargo was rusted it must have come into direct contact with sea water.

As stated in our update e-mail to principals on the 28<sup>th</sup> November, the storage conditions observed at the receiver's premises were not indicative of a receiver intending to protect their shipment from the elements.

We furthermore established that the receiver is not the end user of the cargo and in fact intends onward selling it to a construction company.

Further enquiries revealed that the steel is being utilised in the construction of a bridge over the Zambezi River.

It was noted that the receiver had not made any effort so far, either themselves or via their appointed surveyor, to try and clean up the shipment in order to mitigate the loss they claim to have suffered.

From our discussions with the receiver it was clear that no effort had been made to determine to what extent the rust would be a problem to their customer (the end user).

This type of product is not normally one that needs to be protected from the elements and it is for this reason we believe receivers did nothing at the time.

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B 41

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File Nr. B / 20 / 9488 / 07

Page 6/6

**5. CONCLUSION**

On our return from Mozambique, we were contacted by U.K. based surveyors, Robert Lyon & Company.

We were informed that they had been recently appointed by Boffka & Hehnke, Düsseldorf to proceed to Beira and examine the cargo themselves.

We were also advised that Meritimo International Ltd & Co, London had been retained by Boffka & Hehnke, presumably with a view to instituting recovery proceedings against ship owners.

We explained to Robert Lyon & Company the results of our findings in Beira and pointed out that as far as we were concerned, the present condition of the cargo may be attributed to the effects of cumulative climatic variance and not as a result of any sea water ingress onboard the vessel.

We emphasized that the cargo had been stacked outside and exposed to the elements at receivers' premises.

We proposed that a further joint inspection should be held between our office, Robert Lyon & Company, Beira and the receivers, Jerpinta Mozambique.

Robert Lyon & Company agreed with this proposal and tentatively suggested the first week of December 2007.

Under the circumstances we are not sure to what extent, if any receivers have made any effort to rectify the damage by removing rust, whether this is of any material effect to the end user (the construction company, to whom Jerpinta are selling the material) and if so, what documentation they have to support the costs of removing rust.

The terms of insurance cover are unknown and of course no documentation has been presented to this office.

We advised the Beira surveyors that receivers should in the first instance, institute claims against their cargo insurers and not directly against the vessel.

As no evidence of sea water ingress was found, indicated by the absence of chlorides during spot Silver Nitrate tests conducted onboard the vessel, it is our view, subject evidently to the vessel's owners having the opportunity to confirm cargo hold/hatch cover watertight integrity, that no claims can be brought against the vessel for sea water ingress/contact with the cargo in question.

It is also our view that the insurers of this shipment will most probably not entertain any claims in respect of the cargo where the cause of the damage is the effects of climatic variance is usually and exclusion from the policy cover.

We place ourselves at principals' disposal should further investigation or comment upon this matter be required.

Issued without prejudice on this 29<sup>th</sup> day February 2008 at Beira

signature  
on affiliate SGS Mozambique, Lda

*Abdulrazak*

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6

8-JUL-2008 17:51 FROM:CHIOTELIS&amp;CO 2104294948

TO:00442076235427

P:11/12

13/11/07 TUE 14:38

12104294948

1/ 2

13/11/07 10:53 FAX 020 7823 5427

210-411667

p.1

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TO: To the Owners of the Vessel "MICHAEL M", c/o Petramar Managers SA  
 FAX NO: +30 210 411667 (Piraeus)  
 ATTN: Mr. Petros Pitsiladis  
 YOUR REF:  
 DATE: 13 November 2007

OUR REF: AJS/ALB/0705318  
 TOTAL PAGES (including cover): 2

Dear Sirs

"MICHAEL M"

We refer to our previous correspondence including your telephone calls to us on Monday 12<sup>th</sup> November 2007.

1. We write to confirm that our clients have instructed us to the effect that they are prepared to agree that SGS Mozambique will be appointed by the parties as an independent surveyor. Would you know please forward to us for the consideration of our clients draft of an agreement dealing with the appointment. Our clients also require an undertaking that the Carriers will bear 50 percent of the costs involved. Please let us know who it is proposed that will give such an undertaking. Please also confirm the steel expertise of the proposed SGS surveyor.
2. Following on from the above we write to confirm the comments made during your telephone calls to ourselves to the effect that it remains the expectation of our clients that the Carriers will proceed and deliver the cargo immediately.
3. The alternative is that unless we receive confirmation by return that this is now taking place, we are to nominate an arbitrator under the terms of the Settlement Agreement dated 26<sup>th</sup> October 2007 and within that framework will also be seeking an urgent order compelling the Carriers to deliver the cargo.

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3-JUL-2008 17:52 FROM: CHIOTELIS&amp;CO 2104294948

TO: 00442076235427

P: 12/12

**SGS****FACTURA / INVOICE B0679**

**PARA / TO :** SEA WIND MARITIME SA  
 Att. Cpt. THEO  
 1st Charilaou Trikoupi Str.  
 Piraeus  
 Greece

**DATA / DATE** 29-Feb-08  
**CODIGO / CODE** 2100  
**DIVISÃO / DIVISION** 20  
**DELEGACAO / BRANCH** 2  
**COMPANY CODE** F 250101

**CLIENTE / CLIENT REF. :** Email from Cpt THEO dd 20.11.2007

**SGS MOZ FILE NR. :** B/20/19/9488/07 **CERTIFICADO NR. / CERTIFICATE NR.** 250101 / 18119 / 2008

**MV / VHR :** MV MICHAEL M **DE / FROM PLACE** Beira **PARA / TO PLACE** Beira  
**DO DIA / FROM DATE** 21.11.2007 **AO DIA / TO DATE** 22.11.2007  
**LOCAL / PLACE :** Beira

**MERCADORIA / GOODS :** STEEL **QUANTIDADE / QTY :** 3,003.70 **EMBALAGEM / PACKAGE :** BARS

**SERVIÇOS / SERVICES**  
 Survey Investigation - MV MICHAEL M

- Examination of cargo holds/hatch covers
- Silver Nitrate tests conducted in cargo holds and on cargo remaining remaining onboard to determine whether or not chlorides were present
- examination of cargo on quayside
- conducting of Silver Nitrate tests on cargo on quayside
- survey fees and report compilation

TARIFA / RATE	UNIDADE / UNIT	VALOR / AMOUNT (Local Currency-MT)
1,300.00+20%	Total time	
\$1,625.00	2 1/2 Working Days	99,043.75
	\$4,062.50	

**DESPESAS/EXPENSES**

Airfare DUR/BEIRA/DUR

Petties/Out of pocket expenses ie. VISA/Meals etc.

Telephone/E-Mail/Mobile Phone

TARIFA / RATE	UNIDADE / UNIT	VALOR / AMOUNT (Local Currency MT)
\$1,532.94	n/a	37,373.11
\$350.00	n/a	8,533.00
\$75.00	n/a	1,828.50

**Cambio / Exchange Rate USD/Mt**

24.38

**Prazo de pagamento / Payment conditions:** 15 dias / days

Por cheque ou transferencia bancaria para / by cheque or bank transfer

Conta bancaria no. / bank account nr. :

STANDARD BANK USD - 101 / 015247 / 101 / 6

Praça 25 de Junho

MAPUTO-MOZAMBIQUE

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<b>SUBTOTAL</b>	MT	146,778.36
<b>IVA</b>	17% Iva	0.00
<b>TOTAL</b>	MT	146,778.36
	USD	6,020.44

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PIRAEUS RIO DE JANEIRO SHANGHAI SINGAPORE ST PETERSBURG\* Clyde & Co LLP offices and associated \* offices

TO Messrs. Chiotelis & Co.  
FAX NO +30 210 4294 948  
ATTN Takis Chiotelis Esq  
YOUR REF OUR REF AJS/ALB/0705318  
DATE 8 July 2008 TOTAL PAGES (including cover) 3

Dear Sirs

"MICHAEL M"

We write by reference to our previous correspondence including your two telephone calls to us on Thursday and Friday of last week, the telephone call that we took earlier today from Mr Petros, and your fax dated 8 July 2008 arrived 16:46. Together with your fax you have forwarded copies of four documents and have requested our comments.

We have considered the documents. We would comment here that, as far as our fax dated 13 November 2007 is concerned, to your fax only the first page of this fax has been attached and accordingly we attach for the sake of ease of reference the fax in its entirety.

If your clients can please confirm on which aspect of the documentation our clients' comments are requested then the instructions of our clients can be taken.

At this stage we would therefore limit our comments to confirming the views of our clients, to the effect that our clients reject outright Owners' view as listed in your fax.

This note is being sent with full reservation of our clients' rights.

Yours very truly

  
CLYDE & CO. LLP

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PIRAEUS RIO DE JANEIRO SHANGHAI SINGAPORE ST PETERSBURG\* Clyde & Co LLP offices and associated \* offices

TO To the Owners of the Vessel "MICHAIL M", c/o Petramar Managers SA

FAX NO +30 210 4111667 (Piraeus)

ATTN Mr. Petros Pitsiladis

YOUR REF OUR REF AJS/ALB/0705318

DATE 13 November 2007 TOTAL PAGES (including cover) 2

Dear Sirs

"MICHAIL M"

We refer to our previous correspondence including your telephone calls to us on Monday 12<sup>th</sup> November 2007.

1. We write to confirm that our clients have instructed us to the effect that they are prepared to agree that SGS Mozambique will be appointed by the parties as an independent surveyor. Would you know please forward to us for the consideration of our clients draft of an agreement dealing with the appointment. Our clients also require an undertaking that the Carriers will bear 50 percent of the costs involved. Please let us know who it is proposed that will give such an undertaking. Please also confirm the steel expertise of the proposed SGS surveyor.
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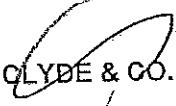
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We look forward to hearing from you on an urgent basis by reference to the above.

Yours very truly

  
CLYDE & CO. LLP

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